GOVERNMENT OF SINDH
TRANSPORT & MASS TRANSIT
DEPARTMENT
KARACHI DATED: 24TH October, 2021

NOTE FOR THE SECRETARY, TRANSPORT & MASS TRANSIT DEPARTMENT, GOVT. OF SINDH

Subject: **SINDH INTRA DISTRICT PEOPLE's BUS SERVICE PROJECT (Karachi, Hyderabad, Sukkhur, Larkano, Mirpurkhas and SBA)**

The Transport and Mass Transit Department, Government of Sindh [**the TMTD**] has undertaken a Non-ADP scheme *"Sindh Intra District peoples Bus Services project (Karachi, Hyderabad, Sukkur, Larkana, Mirpurkhas and SBA)"* [**the Project**] through Sindh Mass Transit Authority [**the SMTA**].

2. Consultancy services of "M/s Exponent Engineers JV M/s EY Ford Rhodes JV M/s HaiderMota & Co" [**the Consultants**] were procured through competitive process based on SPPRA rules. The Consultants prepared the Project's technical, financial and legal feasibility reports. The procurement process was undertaken following the Option 3, one of the options as proposed in the financial feasibility report, agreed option in meeting under the Chairmanship of the Honorable Chief Minister on 12th December 2020 and in line with the minutes of the Cabinet meeting dated 13th April 2021.

Option 3

- Under this option, there shall be a single procurement of private operator who shall bring an Original Equipment Manufacturer (OEM) for buses, meeting GoS specifications as part of the bidding process.
- Depot construction, O&M and revenue collection will be carried out by private operator and revenue risk will be borne by it.
- Investment will be shared between the private operator and GoS.

3. The Consultants informed that the total project implementation cost has been envisaged at PKR 8,096 million vide letter dated 24th August 2020. However an amount of PKR 6,476.856 million has been kept during the current FY 2021-22.

4 The RFP, to hire a Company for "*Supply, Operations and Maintenance of Buses and Construction, Operations and Maintenance of Bus Depots and Stations*" was issued under Singe Stage Two Envelope process, following the SPPRA rules and the bids were submitted and opened on 17th August, 2021. Unfortunately *none* of the received bids were found compliant and the procurement process was terminated by the Procurement Committee. Afterwards, deliberations were started to review certain aspects of the RFP in order to ensure active participation from the global market, in the best interest of the Project.

5. Meanwhile, National Radio and Telecommunication Corporation [**the NRTC**] in *association* with M/s Gaziulas (bus operator), M/s KentKart (ticketing & ITS supplier) and M/s Higer (bus supplier) submitted a proposal on the *same objectives* under the Project i.e. to bring in 250 buses in Sindh province while following the above mentioned option 3. It may be noted that this proposal from the NRTC has nothing to do with the earlier terminated procurement process and has been dealt accordingly by the TMTD. The NRTC was established in 1965 and is operating under the administrative control of Ministry of Defense Production, Government of Pakistan.

6. A Technical Committee [**the TC**] was constituted by the TMTD comprising of professionals from the SMTA and the Trans-Karachi (a Section 42 company established to implement Red BRT or any other project delegated from the SMTA/TMTD) to review the NRTC proposal [*notification of the TC at* **Annexure A**].

7. The TC directed the Consultants to undertake the evaluation of the NRTC's proposal and put up a way forward henceforth. The Consultants, vide SMTA/SEPT/2021/01 dated 13th September 2021 informed that their "*review of NRTC's technical and financial capabilities, as claimed in their proposal, in our view appears to demonstrate requisite skillset to perform the relevant Project obligations*" [*the Consultant opinion at* **Annexure B**]. The Consultants also mentioned that if the Government of Sindh desires to engage the NRTC on Government to Government [the **G2G**] basis, exemption from the SPPRA Rules under Rule 21 need to be sought from the Sindh Provincial Cabinet.

8. The NRTC proposal was presented in the Cabinet meeting of Sindh Government [**the Cabinet**] on 23rd September 2021 through Summary to CM Sindh [Summary No. 140 dated 20th September 21]. During the Cabinet meeting, certain aspects from the NRTC were discussed which were beyond the mandate of the TC. The minutes of the Cabinet meeting were issued on the 1st October 2021 [**Annexure C**] wherein certain decisions were referred towards the opinion from the Consultant. However, the Cabinet *approved* exemption of the SPPRA Rules under the Rule 21.

9. Later, during the discussions / negotiations with the NRTC, there were two specific matters on which the TC decided to inform and seek approval as these decisions were beyond the mandate of the TC. The same were included in the Summary to the Honorable Chief Minister Sindh vide Summary 149 dated 18th October 2021 [**Annexure D**]. The negotiations were completed with the NRTC subject to the approval / comments on this summary and the Consultants were directed to submit the final contract document addressing the technical/financial/legal soundness for the best interest of Government of Sindh.

10. The Consultants submitted the final contract document vide their email dated 22nd October 2021 which was sent to the Law Department for vetting, vide SO(G)/250-Buses/2021 on the same day. The Law department, vide their letter S.LEGIS: 9(84)/2021/196 dated 25th October 2021, informed that the vetting has been undertaken [**Annexure E**]

11. In this regard, the worthy Secretary, Transport & Mass Transit Department may kindly consider the above facts and accord approval on the contract agreement signing between the **SMTA** and the **NRTC** on the ***G2G*** basis (with the SPPRA rules exempted as mentioned above) as deemed appropriate.

(IMRAN BHATTI)
MANAGING DIRECTOR

12. Secretary, Transport & Mass Transit Department.

OK as approval accorded by Cabinet
25/10/21

MA

25/10/2021

"A"

GOVERNMENT OF SINDH
TRANSPORT & MASS TRANSIT DEPARTMENT

Karachi, dated 01st October, 2021

NOTIFICATION

No. SO(G)/250-buses/2021: In partial modification of this department's notification of even number dated 3rd September 2021, the Transport & Mass Transit Department, Government of Sindh is pleased to reconstitute the said "*Technical Committee*" to process and examine the proposal submitted by National Radio & Telecommunication Corporation (NRTC) for the project "Sindh Intra-District People's Bus Service Project (Karachi, Sukkur, Larkano, Mirpurkhas& SBA), in the light of minutes of meeting of Sindh Provincial Cabinet held on 23rd September 2021; with following composition & TORs:

S. No.	DESIGNATION	STATUS
1	Managing Director, Sindh Mass Transit Authority	Chairman
2	Director Infrastructure / Projects , Sindh Mass Transit Authority	Member
3	Director Finance & Accounts, Sindh Mass Transit Authority	Member
4	Director Administration & HR, Sindh Mass Transit Authority	Member
5	Chief Consultant, Transport & Mass Transit Department	Member
6	General Manager Operations, Trans-Karachi	Member
7	General Manager Planning, Trans-Karachi	Member

Terms of Reference:

- To evaluate technical, financial & legal aspects of the NRTC's proposal through project Consultants.
- To recommend way forward for G2G procedure with NRTC.
- To review the Contract prepared/drafted by the Consultant.
- To perform any other task as may assign by the authority.

SHARIQ AHMED
SECRETARY TO GOVERNMENT OF SINDH

No. SO(G)/250-buses/2021: Karachi, dated the 01st October, 2021

A copy is forwarded for information & necessary action to:-

- The Chairman, P&D Board, P&D Department
- The Chairman/Members of the Committee.
- The P.S to Minister, Transport & Mass Transit, Sindh, Karachi.
- The P.S to Secretary, Transport & Mass Transit Department, Sindh, Karachi.

SECTION OFFICER (GENERAL)
For Secretary to Government of Sindh

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Exponent Engineers (Pvt.) Limited
Consulting Engineers & Project Managers
223/F, Block 2, PECHS, Karachi - 75400. Pakistan
Phone: 021-34303166, 68-69
Fax: 021-34304426
E-mail: info@exponent.com.pk
Web: exponent.com.pk

Date: September 13, 2021
Ref: SMTA/SEPT 2021/01

DEPUTY DIRECTOR (CONTRACT & PROCUREMENT),
SINDH MASS TRANSIT AUTHORITY (SMTA)

RE: SINDH INTRA DISTRICT PEOPLE'S BUS SERVICES PROJECT (KARACHI, HYDERABAD, SUKKUR, LARKANA, MIRPURKHAS AND SBA)

Dear Sir,

We refer to your letter dated September 9, 2021 bearing reference number SMTA/BUSES/2021, wherein we, as Project Consultants, have been requested to propose the way forward on the proposal submitted by National Radio & Telecommunication Corporation ("**NRTC**") with respect to the Sindh Intra-District Peoples Bus Service project ("**Project**").

SMTA had earlier issued a request for proposal dated May 20, 2021 ("**Advertised RFP**"), inviting bids to carry out the obligations, *inter alia*, supply and operation of buses, carrying out construction works and other ancillary services (the **"Bidding Process"**) however, the Bidding Process was subsequently terminated due to receipt of non-responsive bids.

Thereafter, we understand that NRTC submitted a proposal to SMTA showing their willingness to undertake the Project.

The NRTC has submitted their proposal along with partnering firms namely Higer Bus Company limited as bus supplier, Gaziulas, Turkey as bus operator and Kentkart, Turkey as ticketing & ITS supplier. Review of NRTC's technical and financial capabilities, as claimed in their proposal, in our view appears to demonstrate requisite skillset to perform the relevant Project obligations.

Further, if SMTA engages NRTC directly for the Project, SMTA will be required to seek an exemption from applicability of the procurement laws under Section 21 of the Sindh Public Procurement Act, 2009.

Section 21 of the Sindh Public Procurement Act, 2009 (**"Sindh Procurement Act"**) has been reproduced below for ease of reference:

"(1) Notwithstanding anything contained in this Act or any other law and rules or regulations made thereunder, for the time being in force, Government shall have the power to grant exemption to procurement of an object or class of objects in the national interest from the operations of this Act or any other law or rules or regulations made thereunder regulating public procurement.

(2) The Authority may also, for reasons to be recorded in writing, recommend to Government that the procurement of an object or class of object in the national interest be exempted from the operation of this Act or any other law regulating public procurement and Government on such recommendations may, if it deems fit, exempt the aforesaid object or class of object from the operation of such laws and rules and regulations made thereunder."

Exponent Engineers (Pvt.) Limited
Consulting Engineers & Project Managers
223/F, Block 2, PECHS, Karachi - 75400. Pakistan
Phone: 021-34303166, 68-69
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E-mail: info@exponent.com.pk
Web: exponent.com.pk

Further, if the approval of Government of Sindh (acting though the Sindh Provincial Cabinet) is procured, the Project will be exempt from the applicability of the Sindh Procurement Act. Further, the draft agreement attached in the earlier Advertised RFP may be used as a base draft for commencement of negotiations with NRTC.

Additionally, SMTA is advised to proceed further with the Project scope of work (as set out in the Advertised RFP and Schedule A of the draft agreement) to be delivered by NRTC and technical studies submitted by Project Consultants as part of our Project deliverables.

We remain available to provide any further assistance as may be required by the SMTA in respect of the Project.

Regards,

.....
Ashar H. Lodi
Director

A Copy of Information to:

1. P.S. to Secretary, Transport & Mass Transit Department GOS, Karachi
2. P.S. to Managing Director, Sindh Mass Transit Authority (SMTA), Karachi

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MINUTES OF THE PROVINCIAL CABINET MEETING HELD ON (THURSDAY) 23-09-2021

NO.SOVI(SGA&CD)/7(327)/2021
GOVERNMENT OF SINDH
SERVICES GENERAL ADMINISTRATION & COORDINATION DEPARTMENT
(CABINET SECTION)
Karachi, dated the 1st October, 2021

To,

1. The Provincial Minister For_____(All)
2. The Advocate General Sindh, Karachi.
3. The Chairperson, Planning and Development Board, Sindh, Karachi.
4. The Secretary to Government of Sindh, Finance Department, Karachi.
5. The Secretary to Government of Sindh, Law & Parliamentary Affairs Deptt. Karachi.
6. The Secretary to Government of Sindh, Information Department, Karachi.
7. The Secretary to Government of Sindh, Transport & Mass Transit Department, Karachi.
8. The Secretary to Government of Sindh, Agriculture Department, Karachi.
9. The Secretary to Government of Sindh, Livestock & Fisheries Department, Karachi.
10. The Secretary to Government of Sindh, Energy Department, Karachi.
11. The Secretary to Government of Sindh, Mines & Minerals Department, Karachi.
12. The Secretary to Government of Sindh, Investment Board, Sindh, Karachi.
13. The Secretary to Government of Sindh, I&C, SGA&CD Department Karachi
14. The Secretary to Government of Sindh, Local Department & HTP Department.
15. The Prosecutor General Sindh, Karachi.

SUBJECT: **MINUTES OF THE MEETING HELD ON 23-09-2021 (THURSDAY) AT 10:00 A.M UNDER THE CHAIRMANSHIP OF CHIEF MINISTER, SINDH IN THE COMMITTEE ROOM OF CHIEF MINISTER'S HOUSE / SECRETARIAT, SINDH, KARACHI.**

I am directed to refer to the subject noted above and to enclose herewith a copy of the Minutes of the Provincial Cabinet Meeting held on **23rd September, 2021 (Thursday) at 10:00 a.m.** under the Chairmanship of the Honorable Chief Minister, Sindh, in the Committee Room of Chief Minister's House / Secretariat, Karachi, for taking necessary action and compliance at the earliest.

1/10/21

(SARANG ALI)
SECTION OFFICER (CABINET)

NO.SOVI(SGA&CD)/7(327)/2021,

Karachi, dated the 1st October,2021

A copy is forwarded for information to:

1. The Advisor to Chief Minister, Sindh,_____(All)
2. The Special Assistants to Chief Minister Sindh.
   a. Mr. Waqar Mehdi, Special Assistant to Chief Minister Sindh for and Political Affairs and CMIT.
   b. Mr. Qasim Naveed, Special Assistant to Chief Minister Sindh for Investment Department and Public Private Partnership Projects.
   c. Mr. Bangul Mahar, Special Assistant to Chief Minister Sindh for Wildlife and Enquiries & Anti-Corruption Establishment.
   d. Dr. Khatoomal, Special Assistant to Chief Minister Sindh for Bureau of Supply & Prices
   e. Ms. Tanzeela Umi Habiba, Special Assistant to Chief Minister Sindh for Information, Science & Technology Department.

Contd..Page/02

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THE CABINET

GOVERNMENT OF SINDH

MINUTES OF THE CABINET MEETING
HELD ON 23-09-2021 AT 10:00 A.M.
UNDER THE CHAIRMANSHIP OF HONORABLE CHIEF MINISTER, SINDH
IN THE COMMITTEE ROOM AT THE CHIEF MINISTER'S SECRETARIAT

Section Officer (Cabinet)
Services, General Administration &
Coordination Department,
Government of Sindh

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MINUTES OF THE CABINET MEETING HELD ON 23.09.2021 AT 10:00 A.M. UNDER THE CHAIRMANSHIP OF HONORABLE CHIEF MINISTER, SINDH IN THE COMMITTEE ROOM AT THE CHIEF MINISTER'S HOUSE / SECRETARIAT, KARACHI.

Chair: Syed Murad Ali Shah, Honorable Chief Minister Sindh

In Attendance: As at Annexure 'A'

Agenda Item: Following agenda items were discussed during the Cabinet Meeting:

No.	AGENDA ITEMS	PRESENTED BY
Agenda Item-1	Confirmation of Minutes of Last Cabinet Meeting held on 07.09.2021.	Chief Secretary Sindh
Agenda Item-2	Review of Development Portfolios.	Chairperson P&D/ Minister Concerned
Agenda Item-3	Approval for Preparation of Terms of Reference of Karachi Master Plan.	Chief Secretary, Sindh Chairperson, Planning & Dev. Board
Agenda Item-4	Establishment of Sister-Province Relationship between Sindh and Hubei Province of China and Sister-city Relationships between Karachi and other with Chinese cities.	Secretary (GA), SGA&CD
Agenda Item-5	Procurement of 250 Buses for Intra districts / cities in Karachi, Hyderabad, Mirpurkhas, Shaheed Benazirabad, Sukkur and Larkana.	Secretary, Transport & Mass Transit
Agenda Item-6	Subsidy to Farmers During Kharif Crop 2021 for Fertilizer (DAP) Cotton Seed and White-Fly under the Prime Minister's Fiscal Package for Agriculture in FY 2020-21.	Secretary, Agriculture, Supply & Prices Department
Agenda Item-7	Amendment in Rule 4 of Sindh Fisheries Rules, 1983.	Secretary, Livestock & Fisheries.
Agenda Item-8	Amendment in the Sindh Government Rules of Business, 1986.	Chairperson Planning & Development Board
Agenda Item-9	Purchase of Vehicles for Directorate of Coal Mines Development and Inspectorate of Coal Mines: Release of SNE Items for the Year 2021-22.	Secretary, Energy Department
Agenda Item-10	Purchase of Vehicles to Carry out Field Operations of Mines & Mineral Development Department.	Secretary, Mines & Mineral Development Department

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Services, General Administration &
Coordination Department,
Government of Sindh.

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- Authorization for the Honourable Chief Minister Sindh to nominate Pakistan's Ambassador to China or any Government Official or Public Representative to sign the agreements or Letters of Intent of Sister Province /City relationships on behalf of Sindh Government, on case to case basis.

4.6 The Cabinet deliberated upon the proposals of the department. It inquired about the existing Sister City relationship between Karachi-Shanghai (1984) and if new Sister-City relationships would have any impact on it. The Secretary (GA) SGA&CD clarified that more sister-city relationships can be established however we should consider efficient linkages and cooperation in different sectors to reap the fruits of such relationships. The Cabinet directed Investment Department to coordinate initiatives and strengthen existing linkages between the sister cities. The Cabinet also deliberated upon the different proposals for Pakistan China Friendship Square and viewed Khan Chowrangi, as a viable option considering its location and proximity.

4.7 **Decision:**

The Cabinet gave its permission for and approved the following:

(i) **Establishment of Sister Province relationship between Sindh and Hubei.**

(ii) **Establishment for Sister City relationships between Karachi and Wuhan, Shenyang and, Tianjin and Chonquin.**

(iii) **Establishment of Sister City Relationships Between Sukkur and Badin with Kunming**

(iv) **Establishment of Sister City relationship between Thatta and Zhanjiang.**

(v) **Establishment of Khan Chowrangi as Pakistan China Friendship Square.**

The Cabinet also authorized the Honourable Chief Minister Sindh to nominate Pakistan's Ambassador to China, or any Government Official or Public Representative to sign the agreements or Letters of Intent of Sister Province /City relationships on behalf of Sindh Government, on case to case basis.

5. AGENDA ITEM-05: PROCUREMENT OF 250 BUSES FOR INTRA DISTRICTS / CITIES IN KARACHI, HYDERABAD, MIRPURKHAS, SHAHEED BENAZIRABAD, SUKKUR AND LARKANA.

5.1 Secretary Transport & Mass Transit Department, Government of Sindh presented that Sindh Mass Transit Authority, Transport and Mass Transit Department, Government of Sindh intends to implement an integrated bus operations model as a solution to cater for the public transport demand in various cities in the province of

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Sindh. In order to achieve the aforesaid objectives, Sindh Mass Transit Authority, Transport and Mass Transit Department has proposed the "*Sindh Intra-district People's Bus Service*" project. He informed that as part of Phase 1 of the project, two hundred fifty (250) low entry Diesel Hybrid Buses in Karachi as well as in Larkana are to be procured.

5.2 The Secretary briefed the Cabinet that the project involves 150 low entry diesel-hybrid buses for Rs 12 m and 100 low entry diesel-hybrid buses for Rs 8.5m. Earlier "Hybrid model" was approved by the Cabinet in the meeting held on 13th April, 2021 under the chairmanship of the Honorable Chief Minister Sindh. "Hybrid Model" i.e. hiring of operator who will procure goods in terms of buses, responsible for services i.e. operation and maintenance, Intelligent Transport and system and collection of revenue (fare and non-fare) and also responsible for infrastructure development works in bus depots and Bus shelters as well. With the approval of the Competent Authority, a Notice Inviting tender was published in all leading newspaper including international newspaper as well. In response to advertisement, three firms had participated in the tender, but unfortunately the bids of all three firms found non- responsive/rejected by the Procurement Committee due to non-compliance of Request for Proposal and as per SPPRA rules. Consequently, as per rules 25 of SPPRA the bidding process had to be cancelled by the Competent Authority.

5.3 The Secretary Transport apprised the Cabinet regarding the proposal from National Radio Telecommunication and Corporation, to initiate the project in the best interest of the Government. He informed that various meetings in this connection have been conducted with the Notified Technical Committee. He further informed the Cabinet that in the 3rd Technical Committee meeting held on 20th September, 2021, NRTC has raised the following points:

NRTC PROPOSAL

Sr. No.	Exemptions in the contract Required	Justification	SMTA Response
1.	Exemption from Lease Payment.	a. NRTC will be investing huge funds from its own resources for building infrastructure on the immovable assets such as depots and bus stops, which remain the property of SMTA. All the risks associated with the operational & maintenances activities is the responsibility of NRTC.	Considering the fact that the ownership of buses is to be transferred to the NRTC, this exemption poses a financial implication on the Government.
2.	Return of Fare & Non-Fare Collection	b. NRTC will be responsible for	Agreed.

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	to Company in Five Business (05) days with quarterly reconciliation.	the management of HR irrespective of the operations.	
3.	Increment of Rs.10 in Fare and incremental of Rs.5 in kms >3	c. Since, one conductor & CCTV installed in bus is not enough initially, until the passengers get used to the system for tapping the card on entry / exit, there will be fare leakage issues. Same issue will be faced during the peak hours where influx and outflux will be huge. d. Employer is only paying for the cost of buses and that is their own property for the useful life of the goods. e. The operation & maintenance of the system depends upon the Revenue collected from the passengers, where the numbers of passengers I still unknown.	To be decided by the Government.
4.	Exclusivity of Routes	In case, one or more services are operational on the routes, the risk is high for the utility and may result in loss of Revenue.	The Technical Committee deliberated that the routes of formal transport may be re-routed but cannot be abandoned. To be decided by the Government.
5.	Bus Depots / Bus Stops	There will be total of 5x Depots in Karachi and 1x in Larkana. Out of these 5 Depots in Karachi, one will be major and in remaining 4, small repair & maintenance facilities will be ensured. NRTC will be investing / managing on the operation	Agreed, however, it was resolved that other than major maintenance facility all other facilities will remain uniform considering the best standard practices and depending up on the scale of the Operations. The NRTC mentioned that they will develop a

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		initially. In this regard, 2x Depots will be prepared before the start of operation and remaining 3x parallel with the operation on collection of revenue. All the risk associated with operational & maintenances activities is the responsibility of NRTC.	bus depot for the operation of 50 buses, to be brought in December 2021. However, the NRTC will develop the rest of the depots by the end of 2022, for the remaining 200 buses to be brought in around April 2022 but no maintenance plan was mentioned for the time period from April till December 2022.
6.	Formation of committee to review financial modeling every 6 months.	a. It's a new project of its kind, and risk factors are high. Therefore, it is imperative to review the overall fare structure and associated operational cost on time-to-time basis. Similarly, the fluctuation in fuel prices and allied basis. Similarly, the fluctuation in fuel prices and allied requisite material is also volatile. b. The operation & maintenance of the system depends upon the Revenue collected from the passengers, where the numbers is passengers is still unknown.	To be decided by the Government.
7.	Exemption from Retention Money	Performance Security is being submitted to mitigate the risks associated with the payments. Hence, Retention of Money may be exempted.	The retention money may be exempted, subject to the corresponding increase of performance security.

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8.	**Payment Terms: -** **Advance Payment** Fifty (50) percent of the supply cost payable within ten (10) days on opening of the Letter of Credit provided the Supplier has delivered the Advance Payment Security. **Interim Payment 1** On shipment from Country of Origin: Thirty Five 35% of the Supply Cost on Shipped / Cargo from the country or origin of the Goods. **Interim Payment 2** On delivery at the Delivery Point in Karachi: Ten 10% of the Supply Cost on delivery to the Delivery Point (Karachi, Pakistan). **Interim Payment 3** On Issuance of Certificate of Compliance for the Batch of Goods: Five 5% of the Supply Cost on issuance of certificate of compliance for Batch of Goods.	Being a Government Organization NRTC is permissible to draw Hundred 100% Advance payment, the precedents are number plate contracts & Sindh Minorities contract which were also duly approved by the Sindh Cabinet. Similarly all the Police / Prison contracts are on 100% Advance payments.	To be decided by the Government.
9.	**Fuel Indexation**	NRTC is ready to absorb escalation of 5% increase in fuel prices, however, beyond 5% government may pay the subsidy to NRTC.	To be decided by the Government.
10.	**Relaxation in KPIs**	Since this operation is in mix traffic and there may many	The Technical Committee agrees

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Government of Sindh

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		unforeseen like traffic jams, minor accident. To get familiar for the smooth operation, KPIs may be relaxed and implemented after six (6) months.	that there may be some adjustments in the definition of selected service related KPIs, however no other exceptions can be recommended. If such exception be given, the entire theme of quality assurance during the project implementation may be compromised.
11.	<u>Subsidy for 1st Year</u>	All the following projects in Pakistan are getting subsidy as indicated: - a. Peshawar BRT – 3 bn b. Lahore BRT – 4.5 bn c. Rawalpindi & Multan – 3.6 bn d. Orange Line – 8 bn Since it's a new project based on assumptions and survey, practical outcome of the ridership has to be established. NRTC will be investing a handsome amount in the project with complete risk. It's a public service project for the Govt. of Sindh and in return Sindh Govt. will be receiving:- a. Fixed Asset in the Form of Bus Depots and Bus Stops. b. Job Creation for more than 2500 to 3000 people with no/little burden on the Govt. c. People's Goodwill. d. Revenue in terms of Services Tax. At-least 1st year subsidy is requested.	To be decided by the Government. Decision on providing the subsidy for this project is not in line with the technical / financial feasibility reports and hence the earlier decision of the Cabinet meeting dated 13.04.2021.

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General Administration Department,
Government of Sindh

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5.4 The Secretary Transport & Mass Transit Department apprised the Cabinet that the Technical Committee appreciated NRTC's initiative for taking interest in this project. It agreed with some of the aspects of NRTC proposal. However, some points mentioned above, which the Technical Committee deemed beyond its mandate and which have potential financial/legal/operational implications for example, the subsidy to be given to the NRTC as per their request is not in line with the minutes of the Cabinet Meeting dated 13th April 2021. Similarly, the formation of Fare Committee to discuss the financial model and subsequent adjustments in Fare (and fuel indexation) warrants that the NRTC is anticipating the potential subsidy during the project implementation; which is not in line with the business model guidelines as presented in the Cabinet earlier. In this regard, the Technical Committee decided that this proposal may further be considered once the specific policy level decision from the Government of Sindh on points 01,03,04,06,08,09 and 11 be deliberated and decreed.

5.5 He further submitted that the salient features of RFP submitted by the Consultant and approved by the Cabinet were no subsidy or guarantee in any form as the whole amount of purchase of buses is subsidy itself in the form of CAPEX and does not include advance of any form or deferred amount of any proceed. M/S NRTC was advised to submit the proposal on the same features.

5.6 He also requested the Cabinet for approval of the proposal regarding **"Exemption of the process of SPPRA Rules under the Provision of Rule-21 of SPPRA Rules, 2010".** He quoted the relevant provision of law whereby the Authority may, for reasons to be recorded in writing, recommend to Government that the procurement of an object or class of objects in the national interest be exempted from the operation of this Act or any rule or regulation made there under of any other law regulating public procurement and Government on such recommendations shall exempt the aforesaid objects or class of objects from the operation of the laws and rules and regulations made there under.

5.7 The Cabinet deliberated upon the request of NRTC for exemptions in the contract in detail. Minister for Transport & Mass Transit expressed his reservations for paying upfront subsidy. The Cabinet also deliberated on the request of the exemption in lease payment. It was opined by different members that a grace period of exemption or deferment of 04 years can be allowed to NRTC. It then deliberated the request for increment in fares. It was viewed that since these fares were recommended by the Consultant in the RFP, his input in this matter must be solicited. The Cabinet then discussed the impact of the request for route exclusivity on the local transporters. The Chair commented that the request for route exclusivity should have been a part of the RFP, if it isn't already. It was informed that it indeed is already provided for in the

7/10/21 Section Officer (Cabinet), Services, General Administration & Coordination Department, Government of Sindh

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RFP. It was recommended that since this request would entail re-routing the local transporters, it should best be left to the department to decide itself. The Cabinet then took up the request for formation of a committee to review the financial modelling every 06 months. It was opined that views of the Consultant must be solicited in this matter as well. The Cabinet then deliberated upon the payment terms requested by the NTDC. The Cabinet was informed of NTDC's plea stating that these payments will be against equal amounts of bank guarantees and the risk will be solely shouldered by NTDC. Cabinet members opined that this mechanism has been followed previously in other projects as well and may be allowed. The Cabinet moved on to discuss the request for fuel indexation. It was suggested that if NTDC agrees to bring the fare prices down when the fuel prices go down then their request for indexation may be permitted. It was informed that this has also been recommended by the Consultant.

5.8 Decisions:

(i) The Cabinet approved the proposal of Transport & Mass Transit Department regarding exemption of the process of SPPRA Rules under the provision of Rule-21 of SPPRA Rules, 2010.

(ii) The Cabinet also made decisions to NTDC's requests, being juxtaposed as follows:

Sr. No.	NTDC's Request	Cabinet's Decision
1.	Exemption From Lease Payment	Approved relaxation/deferment in lease payments for a grace period of 4 years.
2.	Return of Fare & Non-Fare Collection to Company in Five Business (05) days with quarterly reconciliation	Consultant's view to be solicited as per the RFP.
3.	Increment of Rs.10 in Fare and incremental of Rs.5 in kms >3	Consultant's view to be solicited as per the RFP.
4.	Exclusivity of Routes	Transport & Mass Transit Department authorized to decide at its own level.
5.	Bus Stops/ Depots	Request approved, subject to the condition that other than major maintenance facility all other facilities will remain uniform considering the best practices and depending upon the scale of the Operations.
6.	Financial Modelling Committee Review	Consultant's view to be solicited as per the RFP.

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7.	Exemption from Retention Money	Request approved, subject to the corresponding increase of performance security.
8.	100% Advance Payment	Request approved
9.	Fuel Indexation	NRTC to absorb 5% escalation in fuel prices and beyond 5% government will subsidize.
10.	Relaxation of KPIs for 6 months	Approved as per recommendations of the Technical Committee.
11.	Subsidy for 1st year	Not Allowed.

6. **AGENDA ITEM-06: SUBSIDY TO FARMERS DURING KHARIF CROP 2021 FOR FERTILIZER (DAP) COTTON SEED AND WHITE-FLY UNDER PRIME MINISTER'S FISCAL PACKAGE FOR AGRICULTURE IN FY 2021-22.**

6.1 Secretary Agriculture Department presented that the Federal Cabinet approved subsidy to the farmers during Kharif Crop 2021 under the Prime Minister's Fiscal Package for Agriculture. Following federal share of funds to be made available for Sindh Province:

Description	Subsidy	Funds Ratio %		Federal (Rs. In Million)	Province (Rs. In Million)
		Federal	Province		
Subsidy on Fertilizers (DAP) for Rice and Cotton (70% area)	Rs.1,500/acre	75	25	2,705.00	902.00
Subsidy on cotton seed (66% area)	Rs.1,200/acre	100	0	1,203.09	0
Subsidy for white-fly (70% area)	Rs.1,200/acre	100	0	1,276.00	0

6.2 The Secretary further informed that Sindh Cabinet deliberated the matter on 27-04-2021 and the following decisions were taken:

- Sindh Cabinet approved participation of Sindh Province in the PM's Fiscal Package for Agriculture,
- Constituted a committee under the Chairmanship of Minister for Agriculture comprising Minister for Revenue, Minister for IS&T, SMBR, Secretary Finance & Secretary Agriculture for formulating a detailed mechanism for fair and transparent execution of the scheme,
- The committee convened meetings and earmarked following tasks for devising subsidy mechanism:

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GOVERNMENT OF
TRANSPORT & MASS T
DEPARTMEN
Summary No. 149 Dated -21

SUMMARY FOR CHIEF MINISTER, SINDH

SUBJECT: **SINDH INTRA DISTRICT PEOPLE'S BUS SERVICE PROJECT (KARACHI, HYDERABAD, SUKKUR, LARKANO, MIRPURKHAS AND SBA)**
APPROVAL ON DOLLAR VARIATION (IN BASE RATE) AND KPI EMEPTIONS / RELAXATION TO BE INCORPORATED IN CONTRACT.

The Transport and Mass Transit Department, Government of Sindh [the TMTD] has undertaken a Non-ADP scheme "Sindh Intra District peoples Bus Services project (Karachi, Hyderabad, Sukkur, Larkana, Mirpurkhas and SBA)" [the Project] through Sindh Mass Transit Authority [the SMTA].

2 Consultancy services of M/s Exponent Engineers JV M/s EY Ford Rhodes JV M/s HaiderMota & Co [**the Consultants**]were procured through competitive process based on SPPRA rules. The Consultants prepared the Project's technical, financial and legal feasibility reports. The procurement process was undertaken following the Option 3, as proposed in the financial feasibility report and in line with the minutes of the Cabinet meeting dated 13th April 2021.

Option 3

- Under this option, there shall be a single procurement of private operator who shall bring an Original Equipment Manufacturer (OEM) for buses, meeting GoS specifications as part of the bidding process.
- Depot construction, O&M and revenue collection will be carried out by private operator and revenue risk will be borne by it.
- Investment will be shared between the private operator and GoS.

3 The RFP was issued under Singe Stage Two Envelope process, following the SPPRA rules and the bids were submitted on 17th August 2021. Unfortunately none of the received bids were found compliant and the procurement process was terminated by the Procurement Committee. After this, deliberations started to review certain aspects of the RFP in order to ensure active participation from the global market. Meanwhile, National Radio and Telecommunication Corporation in *association* with M/s Gaziulas, M/s KentKart and M/s Higer [**the NRTC**] submitted a proposal on the same objectives i.e. to bring in 250 buses in Sindh province while following the above mentioned option. It may be noted that this proposal from the NRTC has nothing to do with the earlier terminated procurement process and has been dealt accordingly.

4 The evaluation of the proposal from the NRTC was undertaken through a Technical Committee [**the TC**] constituted by the Competent Authority i.e. Secretary Transport & Mass Transit Department. The NRTC proposal was presented in the Cabinet meeting of Sindh Government [**the Cabinet**] on 23rd September 2021 through Summary to CM Sindh [Summary No. 140 dated 20th September 21]. During the Cabinet meeting, certain aspects were discussed which were beyond the mandate of the TC and were raised during the third TC meeting. The minutes of the Cabinet meeting were issued on the 1st October 2021 vide No.SOVI(SGA&CD)/7(327)/2021 wherein certain decisions were referred towards the opinion from the Consultant. However, the Cabinet approved exemption of the SPPRA Rules under the Rule 21.

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5 However, during the discussions / negotiations with the NRTC, there are two specific matters on which the TC decided to seek approval as these decisions are beyond the mandate of the TC.

I. In the contract, it is agreed that the Supply Cost is to be calculated based on the prevailing USD rate [**the base rate**] on the Contract signing date. During these discussions / negotiations, the NRTC is requesting / proposing the variation of 2%in the base rate. Please refer to the following details:

For example: Base Rate 1USD = PKR 172
2% upward variation = PKR 175.44 (this implies that GoS shall have to afford the additional cost above PKR 175.44 in case of dollar escalation)

2% downward variation = PKR 168.56 (this implies that GoS shall be compensated below PKR 168.56 in case of dollar descalation)

6. The opinion from the Consultant has also been sought in this regard which is placed at **Annexure A.** It may please be noted that this provision of dollar variation was not included in the RFP earlier floated by the SMTA. This has solely been discussed due to the NRTC's request. The Technical Committee is of the opinion that minimum 5% provision be incorporated in the contract considering the intense variation in USD rate.

II. According to the issued minutes of the Cabinet meeting, the Technical Committee needs to decide on the exemption in KPIs. The Key Performance Indicators are built in the contract document to ensure and monitor quality control during the project execution. Initially the NRTC requested exemption in the KPIs for the initial six months of the operations.The opinion from the Consultant has also been sought in this regard which is as follows for ready reference and is placed at **Annexure B.**

" .....*Please note that KPIs are always essential to ensure smooth and successful operation for any Public Transport Project. However, in light with the discussion in the Minutes of Meeting (MoM) for Honorable Cabinet's Meeting and request by the Operator, the authority i.e. SMTA may enforce the KPIs for the first three months of the operations in letter and spirit and would intimate the Operators i.e. NRTC for all their shortcomings but may not impose any financial penalties during this time period i.e. first 3 months of operations.*"

7. It may please be noted that this provision of relaxation in KPIs was not included in the RFP earlier floated by the SMTA. This has solely been discussed due to NRTC's request, with the rationale that initially the NRTC has proposed to bring in 50 Diesel Hybrid buses within 90 days of contract effectiveness (i.e. signing of contract) under Phase 1 of the contract. However, the NRTC is now agreed on such exemptions for the period of 3 months.

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8 As such, there are two points are related to highly sensitive / financial implication, this matter is submitted for kind perusal and information of Honorable Chief Minister, Sindh. However, meanwhile Technical Committee may kindly be allowed to accord approval to incorporate these two points in the main contract.

(SHARIQ AHMED)
SECRETARY TO GOVT. OF SINDH

9. MINISTER TRANSPORT & MASS TRANSIT

10 CHIEF SECRETARY, GOS

11. CHIEF MINISTER, GOS

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NO.S.LEGIS.V(84)/2021/196

GOVERNMENT OF SINDH
LAW DEPARTMENT

Karachi, dated the 25th October, 2021

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To,

The Section Officer (General),
Transport & Mass Transit Department,
Government of Sindh,
Karachi.

SUBJECT:- **SUPPLY, CONSTRUCTION, OPERATION AND MAINTENANCE AGREEMENT.**

I am directed to refer to your letter No.SO(G)/250-Buses/2021 dated the 22nd October, 2021, on the subject noted above and to state that the draft Agreement, received with letter under reference, has been vetted and a typed copy thereof is enclosed.

The administrative, financial and technical aspects of the draft Agreement shall be examined by the Administrative Department at its own level, as after execution, the provisions thereof shall be binding upon the parties.

25.10.2021

(SHAFQUAT ALI LARIK)
SECTION OFFICER (LEGISLATION)
FOR SECRETARY TO GOVT. OF SINDH